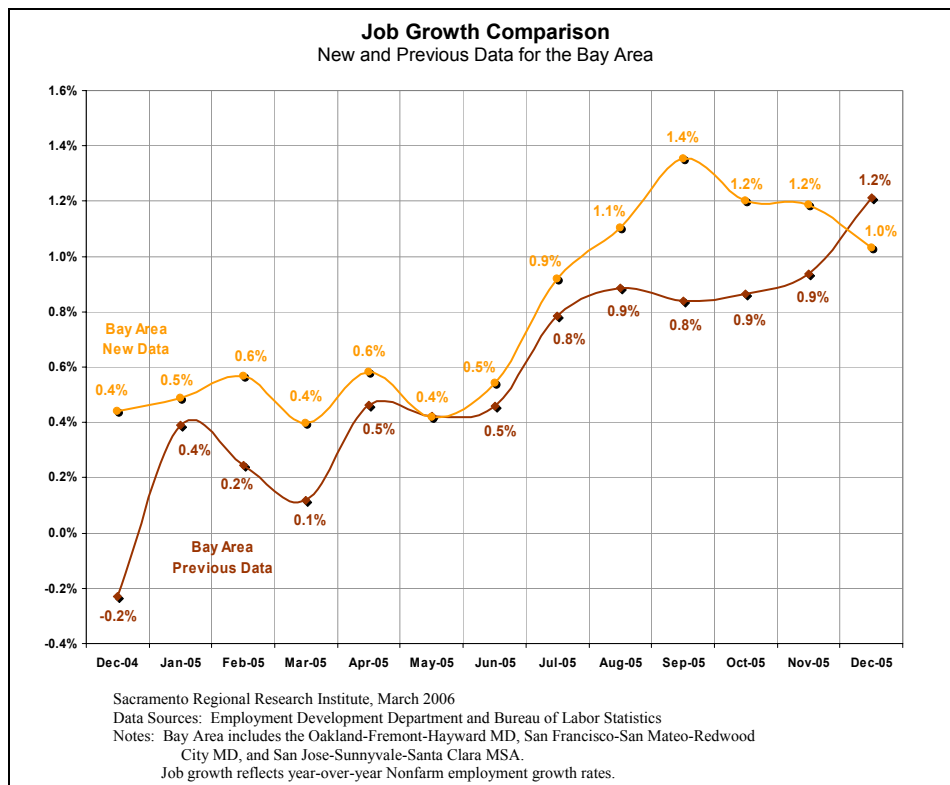


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

New data shows more robust job growth in the Sacramento Region over the past year.

Every year the Employment Development Department (EDD) benchmarks their employment data to reflect more precise information derived from detailed tax and payroll records. On a monthly basis, EDD generates employment estimates based on a sample of employers. When new tax and payroll information becomes available, the estimates are revised to provide a more accurate accounting of employment by industry. In addition, EDD also revises the data to reflect adjustments in the methodology they use to collect and categorize data.

EDD's revisions resulted in an upward revision for the Sacramento Region with notably stronger job growth over the past year than the previous data had shown. While the job growth trend is similar (a general pattern of increasing growth rates over the year), the level of growth is considerably higher based on the benchmarked data. On average, the new data shows year-over-year employment growth rates of about 0.8 percentage points greater than the previous data throughout 2005. While the old data showed the Region ending the year with moderate growth above 2 percent, the revised data points to more robust growth of around 3 percent.



The benchmarking process also led to a general upward revision for the Bay Area, but the new picture is not as clear as the Sacramento Region. For most of 2005, the benchmark data demonstrates a similar trend, but with stronger job growth. However, starting in October 2005 the new data points to a completely different trend—the old data showed continued increasing year-over-year employment growth rates while the revised data illustrates decreasing job growth. According to the new data, the Bay Area posted a high of 1.4 percent job growth in September 2005 and dropped to 1.0 percent growth by the end of the year whereas the previous data ended the year with 1.2 percent growth.

The Region's upward revision was driven by changes in the Professional & Business Services; Leisure & Hospitality; and Financial Activities sectors.

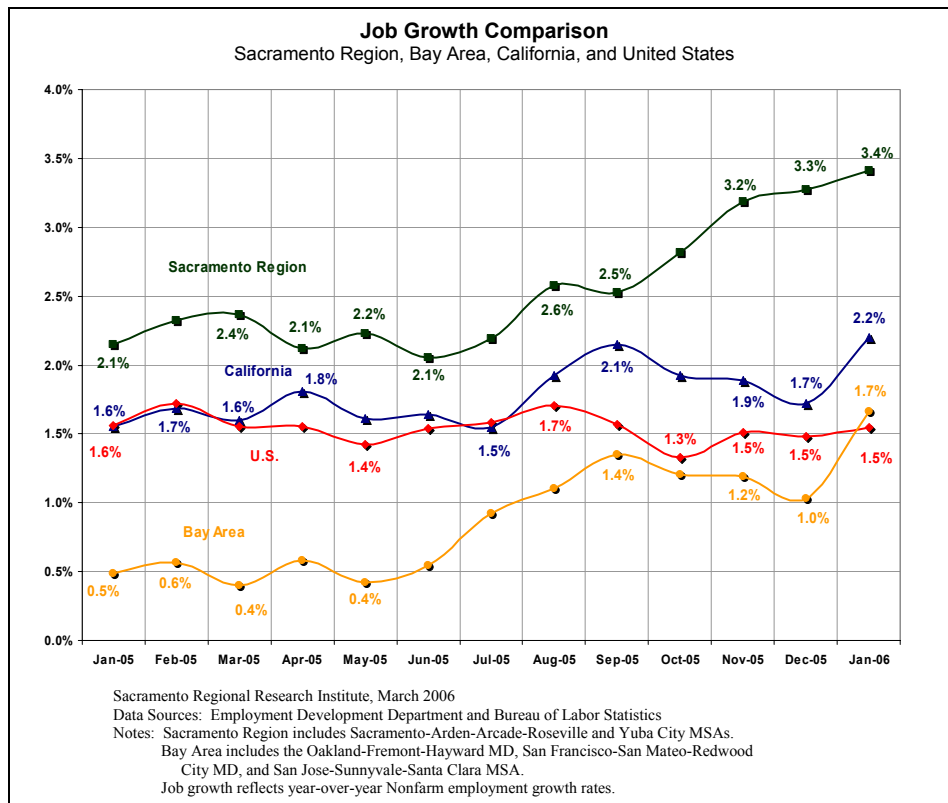
Benchmarked data for the Sacramento Region's Professional & Business Services; Leisure & Hospitality; and Financial Activities sectors demonstrates notably higher job gains than what was reflected in the previous data. Compared to the old data, annual average employment gains in these three sectors increased by over 7,000 jobs (over 96 percent of the Region's net change). Educational & Health Services and Government also saw notable upward revisions. The Trade, Transportation, & Utilities sector experienced a considerable job growth decrease of close to 1,500 jobs with EDD's benchmark revisions. The revision also generated a downward revision in the Region's Other Services and Manufacturing sectors. The Natural Resources & Mining sector shifted from an annual average employment gain to an overall loss with the new data. Overall, with the benchmark change, 7 of the Region's 11 major sectors saw an upward revision.

Job growth in the Sacramento Region reached 3.4 percent in January 2006.

Major Sector Employment Gains and Losses New and Previous Data for the Sacramento Region

Sector	Annual Average 2004-2005		
	Previous Data	New Data	Difference
Total Nonfarm	14,950	22,317	7,367
Private Sector	12,925	19,192	6,267
Public Sector	2,025	3,117	1,092
Prof. & Business Svcs.	1,833	4,542	2,708
Leisure & Hospitality	117	2,425	2,308
Financial Activities	858	2,933	2,075
Edu. & Health Svcs.	2,042	3,167	1,125
Government	2,025	3,117	1,092
Construction	2,442	2,500	58
Information	-1,058	-1,017	42
Nat. Res. & Mining	17	-75	-92
Other Services	408	217	-192
Manufacturing	1,675	1,433	-242
Trade, Trans., & Util.	4,592	3,067	-1,525

Sacramento Regional Research Institute, March 2006
Data Source: Employment Development Department



According to the new data, the Sacramento Region posted job growth well above the statewide and national averages throughout 2005. Since October 2005, the Region has seen year-over-year employment growth rates around or above 3 percent, a substantial improvement over recent years. Between January 2005 and 2006, the Sacramento Region added close to 31,000 jobs, reflecting robust growth of 3.4 percent. The Region illustrated a pattern of generally increasing employment growth rates over the past 12 months, picking up momentum in the latter part of the year.

In 2005, the state saw an overall pattern of slightly increasing job growth and tracked above the national average for most of the year. In January 2006, the state posted a 2.2 percent year-over-year employment growth rate with a gain of nearly 318,000 jobs. The nation continues to see a fairly flat job growth trend with moderate growth rates averaging around 1.5 percent over the past 12 months. Between January 2005

and 2006, the nation picked up a little over 2 million jobs. Ending a three month pattern of decreasing employment growth rates, the Bay Area posted 1.7 percent job growth in January 2006 (marking significant progress compared to the negative growth seen in recent years). The growth equates to an increase of over 46,000 jobs in the Bay Area over the past 12 months. While job growth in the Bay Area fell below the statewide average throughout 2005, it moved above the national average in January 2006.

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